

## HOUSE RESOLUTION No. \_\_\_\_

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Introduced by: Smith M

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A HOUSE RESOLUTION to urge the establishment of a fund to protect homeowners by providing a means of redress in the event that all debts owed on a home building or remodeling project are not paid by the general contractor.

Whereas, Indiana's existing mechanics lien legislation provides satisfactory protection to the suppliers and lending institutions;

Whereas, the homeowner is left with the responsibility of paying subcontractor, suppliers and lenders in the event when the general contractor does not pay for the work or materials provided;

Whereas, the homeowner is at risk of being forced to sell the home to pay the debts if they cannot pay otherwise, despite having already paid once;

Whereas, for over 20 years, the state of Michigan has successfully operated under such a system, which is funded



through reasonable contributions by participating builders, electrical contractors, master plumbers, mechanical contractors, subcontractors, suppliers, and laborers; and,

Whereas, the Indiana Lumber and Builders Supply Association believes that such an act would greatly benefit the consumers of the State of Indiana without altering or weakening the current lien laws of our state; now therefore,

Be it resolved by the House of Representatives of the  
General Assembly of the State of Indiana:

SECTION 1. That the legislative council establish an interim study committee to study the merits of a Lien Recovery Fund.

SECTION 2. That the committee, if established, include members of the judiciary committees of the Indiana House of Representatives and the Indiana Senate who have familiarity with Indiana's lien statutes.

SECTION 3. That the study committee require a preliminary meeting of affected groups representing builders, suppliers, subcontractors, financial institutions, and title companies.

SECTION 4. That the committee limit their study to the establishment of a Lien Recovery Fund for one and two family residential applications only and exclude commercial construction projects, including apartment dwellings.

SECTION 5. That the committee examine the establishment of criteria for a party to make a claim against the Lien Recovery Fund.

SECTION 6. That the committee examine the funding of a Lien Recovery Fund from private enterprise only.

SECTION 7. That the committee examine the question of the administration of the Lien Recovery Fund by a neutral third party, including but not limited to a state agency.

SECTION 8. That the committee, if established, report its findings to the legislative council.

